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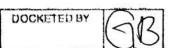
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Arizona Corporation Commission DOCKETED

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Attorneys for Mountain View Ranch Development Joint Venture, LLC

BEFORE THE ARIZONA POWER PLANT AND

TRANSMISSION LINE SITING COMMITTEE

IN THE MATTER OF THE APPLICATION OF SOUTHLINE TRANSMISSION LLC, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES 40-360, ET SEQ., FOR A CERTIFICATE OF ENVIRONMENTAL

13 **COMPATIBILITY AUTHORIZING**

CONSTRUCTION OF NON-WAPA-14 OWNED ARIZONA PORTIONS OF THE

SOUTHLINE TRANSMISSION PROJECT, 15 INCLUDING A NEW APPROXIMATELY

66-MILE 345KV TRANSMISSION LINE IN 16

COCHISE COUNTY FROM THE

ARIZONA-NEW MEXICO BORDER TO 17 THE PROPOSED SOUTHLINE APACHE

SUBSTATION, THE ASSOCIATED FACILITIES TO CONNECT THE

SOUTHLINE APACHE SUBSTATION TO THE ADJACENT AEPCO APACHE

SUBSTATION, AND APPROXIMATELY 5 MILES OF NEW 138-KV AND 230-KV

TRANSMISSION LINES AND 21

ASSOCIATED FACILITIES TO CONNECT

THE EXISTING PANTANO, VAIL, 22

DEMOSS PETRIE, AND TORTOLITA

SUBSTATIONS TO THE UPGRADED WAPA-OWNED 230-KV APACHE-

TUCSON AND TUCSON-SAGUARO

24 TRANSMISSION LINES IN PIMA AND PINAL COUNTIES. 25

26

Docket No. L-00000AAA-16-0370-00173

Case No. 173

MOUNTAIN VIEW RANCH'S SUPPLEMENTAL MEMORANDUM OF LAW

Intervenor Mountain View Ranch Development Joint Venture, LLC ("MVR"), by and through counsel and in response to the Chairman's request, submits the following memorandum regarding the legal authorities discussed during Intervenor's closing comments.

Section 1222 of the EPAct of 2005, 42 U.S.C. §16421, is the Congressional authorization for WAPA to participate in the "public-private endeavor" with Southline for the Southline Transmission Project.¹ Section 1222 contains a savings clause that states:

Nothing in this section affects any requirement of... any Federal or State law relating to the siting of energy facilities.

42 U.S.C. §16421(d)(2). Such savings clause provides the State of Arizona authority to regulate the entirety of this "public-private endeavor", including WAPA's role in it and the so-called WAPA sections of the Upgrade Section of the Project.

This is confirmed by the holdings in two Ninth Circuit decisions -- U.S. v. 14.02 Acres of Land More or Less in Fresno County, 547 F.3d 943 (9th Cir. 2008), and Maun v. U.S., 347 F.2d 970, 974 (9th Cir. 1965). The court in 14.02 Acres of Land held that WAPA, as a federal agency, is immune from local control unless it can be established that Congress had directed that the agency subjects itself thereto. The Court cited Maun as both the authority for such rule, and an example of a circumstance where such

¹ Application at 2-3. As addressed in oral argument and shown by the record, the parameters of this "endeavor" are yet unknown, and decisions regarding "ownership, operations, maintenance, marketing, financing and land acquisition" have not yet been made. WAPA R.O.D. (Hearing Exhibit 19.)

Congressional direction was established so as to subject the federal agency to local regulation. 347 F.3d at 953.

In *Maun*, the court was faced with the issue of "whether [the Atomic Energy Commission (AEC)] may construct and operate an overhead electric transmission line in disregard of local authority and regulations governing the character and location of such lines," and the impact of the savings clause in the Atomic Energy Act. 347 F.2d at 974-975. Such saving clause stated that:

Nothing in this section shall be construed to affect the authority or regulations of any Federal, State, or local agency with respect to the generation, sale, or transmission of electric power.

Id. at 974. The court concluded that the AEC was subject to the authority of and regulations of state and local governments, because the purpose of the savings clauses was:

to make it clear that the generation, sale or transmission of electric power produced by nuclear means was to be subject to federal, state and local authority and regulation to the same extent that electric power produced by conventional means is subject to such a authority and regulation.

Id. at 976. As noted, such reasoning was found to be sound by the Ninth Circuit in 14.02 Acres of Land, a case which applicant and others have cited as authoritative in other submissions. The Maun court also observed that, if the line construction had been left to the private partner, "that company would have been obliged to comply with the ordinances in question" (347 F.2d at 978) – a circumstance that indisputably exists here.

It is also notable that, shortly after and in response to the 1965 decision in *Maun*, Congress amended the savings clause in the Atomic Energy Act to add a proviso expressly stating that:

Provided, That this section shall not be deemed to confer upon any Federal, State, or local agency any authority to regulate, control, or restrict any activities of the Commission.

See, e.g., Boeing Co. v. Movassaghi, 768 F.3d 832, 841 (9th Cir. 2014). In 1983, the Supreme Court recognized that the intent and effect of such added language was to overrule Maun and preclude local control. Id., citing Pac. Gas & Elec. Co. v. State Energy Res. Conservation & Dev. Comm'n, 461 U.S. 190, 210-211 (1983). The EPAct of 2005 was adopted over twenty years later, and no such proviso is included in the savings clause in §1222. The absence of such proviso, despite the long standing decisions in Maun and Pac. Gas & Elec. Co., is a compelling indication that State regulatory control was purposely retained with respect to public/private WAPA projects such as the one at issue here.

By statute, Arizona requires that "every utility planning to construct a plant, transmission line, or both in this state must file with the [ACC] an application for a certificate of environmental compatibility", and that such application shall be referred for review and decision by the transmission line siting committee. A.R.S. §\$40-360, 360.03. Utility is defined to include "any person engaged in the generation or transmission of electric energy, and the term "facilities" includes transmissions lines. A.R.S. §40-360 (6,11). The line siting committee is empowered to impose conditions on the issuance of a certificate, and is charged with considering certain factors as its basis for action,

including among other things "existing plans of ... private entities for other developments at or in the vicinity of the proposed site."

In short, state regulation of public/private line transmission line expansion projects was intended by Congress when WAPA's participation in them was authorized, and such projects are within the regulatory mandate of the Arizona statutes. Abdicating jurisdiction for portions of this project will leave a regulatory gap, set poor precedent for future projects, and leave state and private landowners effected by the Upgrade Section with few if any options to compel and enforce mitigation of the impacts of the Project.

Accordingly, MVR respectfully requests that the regulatory authority mandated by A.R.S. §40-360 *et seq.*, and reserved to states pursuant to 42 USCA §16421, be exercised for all portions of the Project, and not be limited to the "CEC Upgrade Section".

RESPECTFULLY SUBMITTED this 7th day of December, 2016.

JACKSON & ODEN, P.C.

By:

Todd Jackson

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COPY of the foregoing delivered by U.S. Mail this 7th day of December, 2016, to:

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